Joining up the dots

Ironing out "Londonisms" means reconciling the varying approaches to data management at a disparate array of companies that offer a variety of different service options, says **Kirstin Duffield**

There are more acronyms in the insurance market for initiatives than we care to recite, and with each of these there is a desire to connect up a variety of legacy and cutting edge technologies.

We maintain that London is unique, but it is often misunderstood by users and consumers in other countries.

A "corporation" in most people's minds is a large company with shareholders and a board and employees producing widgets or services. The Lloyd's brand is so successful that the rest of the world can often still think of it as a carrier in its own right.

"Can we can collaborate to gain a London market that is proud to be the insurance centre of the world or are we happy to just carry on the way we have always worked?"

However, all should be aware that Lloyd's is a market of insurers, syndicates, brokers, managing agents, lawyers, loss adjusters, technologists, and so on.

This set of disparate companies offers a variety of different service options to suit a non-standard set of processes for niche businesses with different practices. As such, these companies are heavily regulated and they are also required to perform high levels of data sharing.

It has been suggested that it is time to iron out any unnecessary "Londonisms", and this drive has received support from

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the London & International Insurance Brokers' Association as well as Lloyd's itself. When and in what form any changes will surface is yet to be finalised, but with the Central Services Refresh Programme it is hoped that this will be coordinated alongside other aspects of the market that could join up some more of the dots.

Comparing apples with apples

Insurance in basic terms is nothing more than a contract articulating a promise and the moving of money. Therefore it should not be regarded that these two aspects are in some way disconnected. The way the contract is devised, laid out, defined and so on should be one and the same as the style in which the premium is collected and the exposure represented.

Delegated authorities have grown vastly in recent years and the requirement to have a one-size-fits- all model is a challenge. The need to report in a standard way is generally accepted, and has led to the formation of ER3001 and the Employers' Liability Tracing Office, et cetera. However, if the building on a homeowner's policy is being covered then that should be coded and regarded in the same way by the whole market.

We are used to ISO codes for other elements of business – we know, for example, what is meant by US or FR. We also have London market risk codes, but they are not used in a standard way. So how can these apples be compared with apples?

We rely so heavily on IT these days, but sharing data means dots need to be joined up. A single coding system is a necessary evil, not just for Lloyd's, but for the insurance industry as a whole.

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When we talk apples, insure apples, collect premium for apples and report claims for apples we will be able to provide data for apples and spend more resources on new efficiencies, rather than lining the pockets of companies that provide clean-up and transformation services.

Different standards

A binder is supposed to streamline policy handling, reduce the times the carrier touches the policy and allow for small premium insurance to be profitable, based on the law of averages.

Much of the wholesale US market is tooled up to send XML messages of small data packages to "click and bind" these policies, and do so with many of the domestic carriers. But they are far from tooled up to send transaction or exposure data sets in XML to the Lloyd's market because it's not one carrier, it's many, and they all have differing systems, solutions and requirements.

Notwithstanding the existence of ACORD and the hint of some standard reporting specifications (US property only) and the promise of more to come by reopening the Binder Group, the fact remains that the US standards are based on the P&C standards, while the UK uses GLRC – so even the standards authority has two different standards.

If we include other markets there are even more. They seem to be ready to talk direct to the carrier but not send bulk data into the broker. So how can the Lloyd's broker add value and manage the coverholder for the carrier, if they cannot access this data? If all brokers act purely as initial introducers then this could further weaken the Lloyd's broker business model.

Single core record

Policy production, market configuration, premium collection, claims reporting, cash received, payments made and reports generated all from a single core record, a term I remember hearing as a wee lass in the 1980s, is the end point to which we must all work towards, on both sides of the pond.

The broker here in London must work with the coverholder MGAs in the US to standardise data transfer at individual risk level to be able to support all the variations of reporting needed.

Data can't be added to at the end – the broker must collect it from the MGA to gain a full picture of the risk as early in the chain as possible. Brokers get the business, in this case work for the insurer's interests, and ensure the information is made available to the carrier.

So the market – carriers, brokers, agents and technologists alike – need to rethink their approach. The participants all work for their respective companies but we also work for Team GB or Team London, even in a global market.

The question is whether we can step up and collaborate to gain a London market that is proud to be the insurance centre of the world or whether we are happy to just carry on the way we have always worked…

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